

Indiana Horse Racing Commission



Photo: Courtesy of Lawrence Van Garrett/coadyphoto.com



Photo: Courtesy of Jim Linscott

2006 Annual Report

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April 1, 2007

The Honorable Mitchell E. Daniels Governor of the State of Indiana Room 206, The Statehouse Indianapolis, IN 46204

Dear Governor Daniels:

A review of 2006 includes some significant changes and challenges for the horse racing industry.

Integrity '06 was approved by the Commission before the race meets began in the spring. This was the largest regulatory reform since the pari-mutuel statute was enacted in Indiana more than 10 years ago. As you might imagine, there was stiff opposition from a vocal group of horsemen to this kind of sweeping change.

The heart of the program is designed to deter unauthorized race day medication to horses. The means to deter includes additional track security and escorts for veterinarians during salix administration. We believe the Integrity '06 regulations go a long way in protecting the level playing field for our racing product.

The Commission also responded to requests from the Jockey's Guild for changes in rules concerning safety and other issues, including use of telephones, advertising on apparel, padding in the starting gate, and the track warning system. We attempted to accommodate their needs, while protecting the betting public and track interests, as we crafted new regulations.

Unfortunately, both tracks posted millions of dollars in losses during the year. However, Indiana Downs creatively changed post times for thoroughbred races, which resulted in a ninety percent (90%) increase in simulcast wagers.

During the latter part of 2006, the national racing media seemed to focus even more intently on integrity in racing. A litany of illegal medication offenses around the country was cited by Stan Bergstein in the Daily Racing Form, but he stated that Indiana has "shown signs of a rigid backbone" when it comes to integrity. We will continue to monitor the situation and move forward on regulations which will keep us as leaders in the industry.

We are very happy to report the hiring of Ursula Jedra, D.V.M. as our first full-time Chief Veterinarian. She joined a dedicated staff in April, and has been a significant help to our operation.

In December, the Commission received a request to approve the sale of Churchill Downs' majority stake in Hoosier Park to Centaur, Inc., the minority shareholder. This will be considered in the first quarter of 2007.

Thank you for the opportunity to serve on the Commission.

Sincerely,

Sarah W. McNaught Commission Chairman

Sarah W. McNaught

Table Of Contents

Commission Senior Staff
Race Track Staff
Year In Review
Live Racing at Tracks 6
Simulcast Handle 6
Total In-State Handle
Distribution of the Wagering Dollar
State Revenues 8
Occupational Licensing
Occupational Licensing
Equine Drug Testing10
Equine Drug Testing
Equine Drug Testing
Equine Drug Testing.10Human Drug Testing.10Thoroughbred and Quarter Horse Breed Development Program.11Standardbred Breed Development Program.12
Equine Drug Testing.10Human Drug Testing.10Thoroughbred and Quarter Horse Breed Development Program.11Standardbred Breed Development Program.12

Indiana Horse Racing Commission

Commissioners



Sarah McNaught Chairman

Sarah McNaught Chairman
Alan Armstrong Vice-Chairman
Jim Lauck Secretary
Doug Grimes Member
Will KochMember

Commission Senior Staff



Joe Gorajec Executive Director

Indiana Horse Racing Commission

Race Track Staff

Pat Adams	Assistant Director of Security
Abi Meister	Licensing Supervisor
Richard Wilbur	Investigator
Brad Jones	Investigator

To further assist the Commission with its regulatory responsibilities, the following individuals provided professional or technical service at Hoosier Park and Indiana Downs during the 2006 racing season.

Standardbred Judges

Timothy Schmitz, Presiding Judge Jim Curran, Associate Judge Richard (Dick) DiSantis, Associate Judge

Thoroughbred Stewards

Gary Wilfert, Senior State Steward Tim Day, Associate Steward Rick Evans, Associate Steward Jean Chalk, Associate Steward

Veterinary Technicians

Commission Veterinarians

Leslie Ahluwalia, DVM David Morgan, DVM Russell Burger, DVM

Stephanie Adams Claudia Shaff Barbara Sigman Cheryl Morris Jenny Baughman Kent Carpenter

Racing Inspectors

Paul Clark Karla Vaughn Shelly McCracken-Rania

Standardbred Breed Development Advisory Committee

Ernest M. Gaskin, *Chair* Henry B. Blackwell, II Nat Hill, IV

Thoroughbred Breed Development Advisory Committee

James Carmichael, D.V.M. Chair Mari Hulman George Jim Elliott

Standardbred Advisory Board

Jeff Henson, Chair Nancy Sabatini
Richard Link Randy Dever
Scott Snyder Pam Cross
Jessica Barnes, ExOfficio Member

Quarter Horse Breed Development Advisory Committee

Shirley Tresner, *Chair*Michael Renihan
Carol Ecker, DVM

Year In Review

April

After a nation-wide search, the Commission hires Ursula Jedra, D.V.M. to become its first full-time Chief Veterinarian.

May

The Governor signs a bill which gives the Commission discretion to permit medication consistent with the recommendations of the Racing Medication and Testing Consortium, our national experts on equine medicine. The bill, sponsored and championed by Senator Robert Jackman, leads to the regulated use of flunixin and ketoprofen.

June

Sale of Indiana Downs' thoroughbred simulcast signal explodes as patrons across the country embrace the tracks' new twilight racing calender. Signal sales increase over 90%.

October

Cielo Gold and Star Dabbler finish in a dead heat to win the 12th running of the Grade II Indiana Derby Saturday, October 7 at Hoosier Park. A total of 5,134 people were in attendance for the \$500.000 event.

March

The Commission approves "Integrity '06". The program deters the administration of unauthorized race day medication. New rules include enhanced track security and escorts for veterinarians during salix administration.

October

Jockey Rodney Prescott earns his 2,000th career victory Wednesday, October 18 at Hoosier Park. Prescott guides the Ray Ginter Jr. owned and trained Sefayoself to a convincing win in the third race of the evening.

December

The Commission receives a request to approve the sale of Churchill Downs Management Corporation's 62% stake in Hoosier Park to minority shareholder Centaur LLC.

December

Don Kubovchik, Executive Director of the Indiana HBPA, passes away after a brief illness. Don epitomized the term "gentlemen horseman" and will be missed by the entire racing industry.

December

Governor Mitch Daniels reappoints Sarah McNaught to serve a full four-year term expiring in September 2010. McNaught remains as Chairman of the Commission.

Live Racing at Tracks

Standardbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total	
	60	80 *	140	
	\$2,278,284	\$2,136,072	\$4,414,356	
	\$37,971	\$26,701	\$31,531	
Thoroughbred Number of Dates Total Handle Average Daily Handle	Hoosier Park	Indiana Downs	Total	
	59 *	48 *	107	
	\$2,626,142	\$2,251,229	\$4,877,371	
	\$44,511	\$46,901	\$45,583	
Ouarter Horse Number of Races Total Handle Average Per-Race Handle	Hoosier Park	Indiana Downs	Total	
	45	37	82	
	\$197,252	\$156,196	\$353,448	
	\$4,383	\$4,222	\$4,310	
	Hoosier Park	Indiana Downs	Total	
Total Live Handle	\$5,101,678	\$4,543,497	\$9,645,175	

(*Loss of three Thoroughbred race dates and one Standardbred race date due to inclement weather.)

Simulcast Handle

Export Handle (1) Thoroughbred Standardbred Quarter Horse Total Simulcast Handle	Hoosier Park	Indiana Downs	Total	
	\$97,634,694	\$33,331,895	\$130,966,589	
	52,359,902	34,773,449	87,133,351	
	2,979,918	893,777	3,873,695	
	\$152,974,514	\$68,999,121	\$221,973,635	
Average Daily Export Handle Thoroughbred Standardbred Quarter Horse *	Hoosier Park \$1,654,825 872,665 66,220	Indiana Downs \$680,243 429,302 24,156	*Quarter Horse handle is calculated on a <u>per race</u> basis not daily.	
In-State Handle (2) Thoroughbred/Quarter Horses Standardbred Total In-State Handle	Hoosier Park	Indiana Downs	Total	
	\$81,562,607	\$52,789,953	\$134,352,560	
	27,187,536	11,031,353	38,218,889	
	\$108,750,143	\$63,821,306	\$172,571,449	

⁽¹⁾ Hoosier Park wagered \$2,409,278 on Indiana Downs' simulcast signal (\$1,557,921 on standardbred and \$851,357 on thoroughbred + Quarter Horse). Indiana Downs wagered \$1,763,135 on Hoosier Park's simulcast signal (\$1,116,607 on thoroughbred + Quarter Horse and \$646,528 on standardbred). These handle numbers are included in the "Export Handle" above by source of signal and in "In-State Handle" by location of wager.

⁽²⁾ Handle at Indiana OTB's on racing originating in-state is accounted for in "In-State Handle" source of wager (i.e. Hooiser Park's OTB handle on Hoosier Park's live racing is attributed to Hoosier Park).

Total In-State Handle

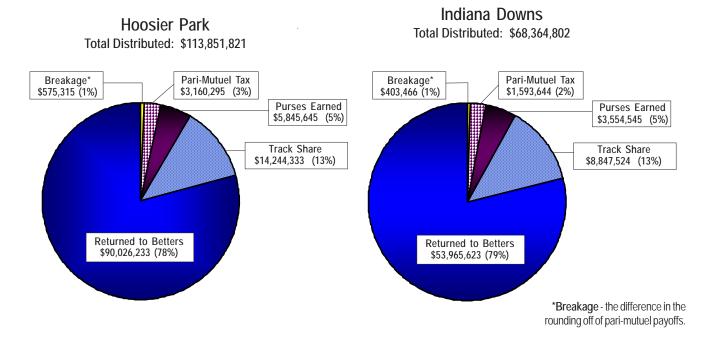


Year

(Handle - money wagered by the betting public on pari-mutuel races.)

Distribution of the Wagering Dollar

The following is a breakdown of the distribution of all monies wagered at both Hoosier Park and Indiana Downs and their satellite facilities:



State Revenues

The following are the direct state revenues collected in accordance with the pari-mutuel statute IC 4-31:

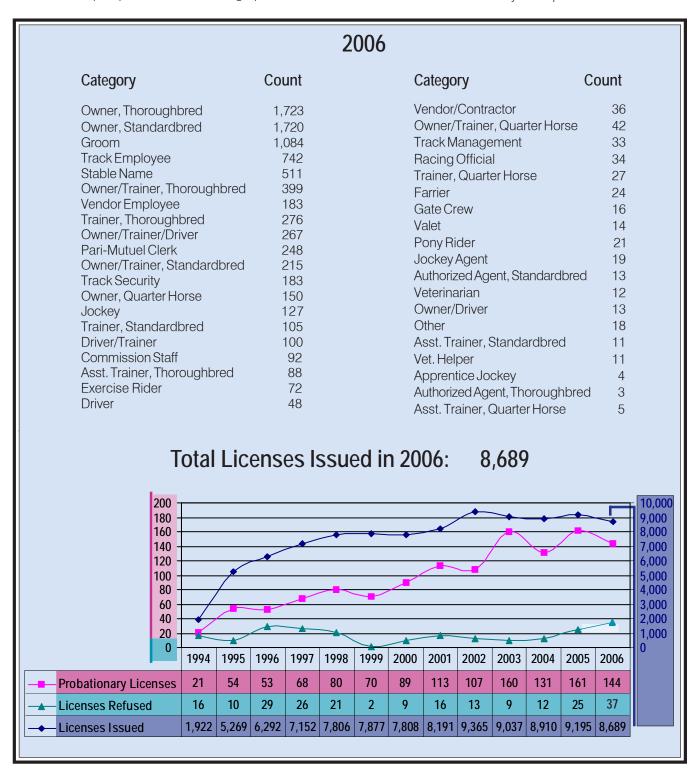
Hoosier Park								
Pari-Mutuel Tax\$3,160,295								
Track Reimbursement for Officials								
Occupational License Fees								
Admission Tax								
Fines and Civil Penalties Paid								
Total								
Indiana Downs								
Pari-Mutuel Tax								
Track Reimbursement for Officials								
Occupational License Fees								
Admission Tax								
Fines and Civil Penalties Paid								
Total								
νε,017,570								
Total State Revenue \$5,656,373								

The direct revenue received by the State of Indiana exceeded the cost of regulation. Indiana Horse Racing Commission operating expenditures for calendar year 2006 were \$2,424,307.

Occupational Licensing

Pursuant to IC 4-31-6 and 71 IAC 5-1-1, all persons participating in pari-mutuel racing under the jurisdiction of the Commission are required to be licensed. The licensing process is the backbone of the Commission's regulatory efforts. Each prospective licensee is fingerprinted.

The Federal Bureau of Investigation (FBI) provides the Commission with criminal histories of all applicants. The Commission may refuse or deny the application for licensure of any person whose criminal or racing violation record is contrary to the public's best interest.



Equine Drug Testing

Pari-mutuel horse racing can succeed as a legitimate major league sport only if its races are perceived by the wagering public to be honest, competitive contests, free from manipulation by man or drugs. The Commission's drug

Breed	Race Dates	Urine	Blood	Positive Tests
Standardbred	141	2095	2608	29
Thoroughbred	110	2070	2314	8
Total	251	4165	4922	37

detection program is one of the nation's most comprehensive and its laboratory, one of the most respected in the racing industry.

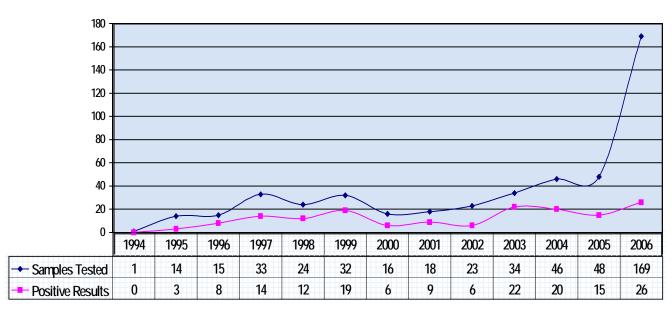
Truesdail Laboratory in Tustin, California, serves as the primary testing laboratory for the Indiana Horse Racing Commission. Truesdail Laboratory has been a leader in racing chemistry and drug-related re-

search for over 50 years. For each positive test, the offending horse was disqualified and placed last. In accordance with the pari-mutuel statute, all purse money earned is ordered returned and redistributed.

The table below represents a further breakdown, by breed, of the name and types of drugs reported by the laboratory.

Number of Violations		mber of Violations ARCI	
Standardbred Thoroughbred		Drug Classification	Туре
1	6	Bute (Overage)	nonsteroidal anti-inflammatory
	1	Banamine (Class 4)	analgesic
23		Dexamethasone (Class 4)	corticosteroid
4		Methylprednisolone (Class 4) corticosteroid	
1		Clenbuterol (Class 3) bronchodilator	
	1	Mephentermine (Class 1)	antihypotensive

Human Drug Testing



Breed Development

Overview

Pursuant to IC 4-31-11, breed development funds have been established to promote the breeding of horses while stimulating the agri-business sector of the state's economy. Standardbred, Thoroughbred and Quarter Horse breed development advisory committees make recommendations to the Commission regarding the distribution of these monies.

The Breed Development Fund was established by the Indiana pari-mutuel statute and is administered by Governor- appointed members of the Breed Development committees and boards. The Fund consists of breakage

(the difference in the rounding off of pari-mutuel payoffs), outs (all uncashed tickets), and the riverboat admissions tax allocation. The Indiana Horse Racing Commission receives 65 cents for every admission on an Indiana riverboat. Twenty (20) percent of the 65 cents goes into the Breed Development Fund. The Breed Development Fund is divided forty-eight (48) percent to the Indiana Thoroughbred Breed Development Fund and forty-eight (48) percent to the Standardbred Breed Development Fund and four (4) percent to the Quarter Horse Breed Development Fund.

Thoroughbred & Quarter Horse Programs

The mission of the Thoroughbred and Quarter Horse

Development Advisory Committees is to register thoroughbred and Quarter Horses for the Indiana bred program and provide incentives and awards to three important elements of the Indiana racing industry: the owner, the breeder and the stallion owner. The intent of these incentives and awards is to promote investment of capital into the Indiana economy (via breeding, racing and related agri-business) and maximize the positive

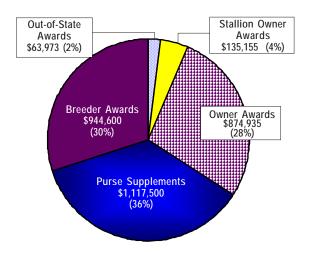
impact to the state's economy. The incentives reward risk, and the awards reward success on the

racetrack...through winning!

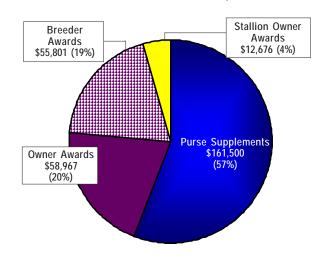


Jacki Brown, Director
Thoroughbred & Quarter Horse
Breed Development

2006 Thoroughbred Award Distribution Total Distributed: \$3,136,163



2006 Quarter Horse Award Distribution Total Distributed: \$288,944



Breed Development

Standardbred Program

The Standardbred Breed Development Program concluded its 2006 year by continuing to offer a lucrative program for Indiana sired horses at Hoosier Park, Indiana Downs, and Indiana's County and State Fairs. This program provided racing opportunities and incentives for Indiana Sired horses through the Indiana Sired Late Closing Events, Indiana Sires Stakes, Genesis Series, Indiana Sired Fair Circuit Program, Overnight Race Supplements and Indiana Sired Bonus and Breeder's Awards. The success of the Indiana Sired Program during 2006 has resulted in over 8.3 million dollars paid

in purses at Indiana's pari-mutuel tracks to Indiana Sired horses, through breed development funds and track purse supplements. This is an increase of over 6.4% from 2005. In addition, Indiana's county fairs and State Fair, a main-



Jessica Barnes

Director of Standardbred Racing

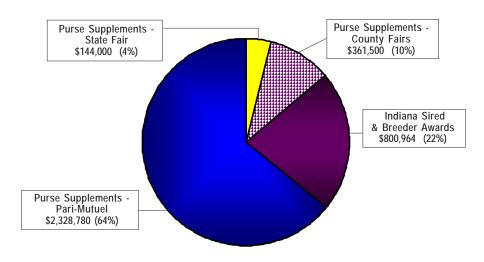
& Breed Development

stay in the history of Indiana horse racing, hosted 29 days of racing and 304 races during the Indiana Sired Fair Circuit Program. Overall, over 9.9 million dollars in purses and awards were paid to owners and breeders of Indiana Sired horses racing in the State of Indiana during 2006.

As a result of these efforts, the Indiana Standardbred Breed Development Program continues to develop and promote a high quality Standardbred industry in the State of Indiana, which in turn, continues to foster more agri-business growth for the

State. Please visit the commission website (<u>www.in.gov/ihrc</u>) to obtain information regarding the Indiana Sired Program, nomination requirements, necessary applications, historical information, deadlines and more.

2006 Standardbred Award Distribution Total Distributed: \$3.635,244



2006 Breed Development Fund Revenues

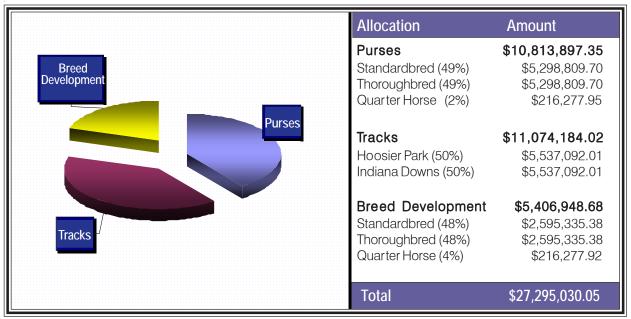
Breed	Breakage	Outstanding Tickets *	Riverboat Revenue	Total
Standardbred	469,814.88	439,592.00	2,595,335.38	3,504,742.26
Thoroughbred	469,814.88	439,592.00	2,595,335.38	3,504,742.26
Quarter Horse	39,151.24	36,632.66	216,277.92	292,062.82
Total	\$978,781.00	\$915,816.66	\$5,406,948.68	\$7,301,547.34

^{*} Outstanding ticket revenue is based on tickets purchased in 2005 which expired in 2006.

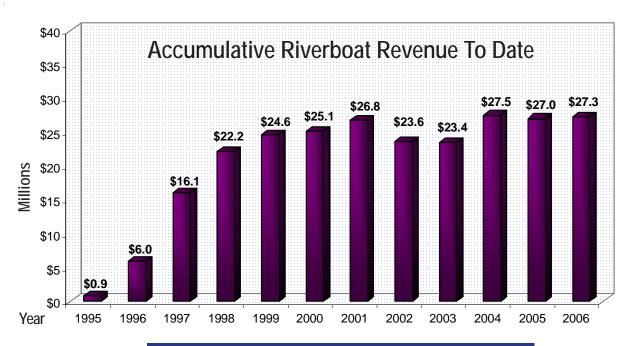
Riverboat Revenue

The statute permitting riverboat gaming in Indiana earmarks sixty-five (65) cents of the three dollar admission tax to the pari-mutuel horse racing industry. These funds are distributed to various segments of the racing industry in accordance with Commission rule 71 IAC 12-2-15.

2006 Riverboat Revenue Allocation to Racing From Admission Tax (65 cents)



Distribution Formula: Pursuant to 71 IAC 12-2-15, riverboat revenue was allotted 40% to purses, 40% to the tracks and 20% to breed development funds. Beginning April 2006, approximately 2% of the Riverboat revenue was utilized to implement Integrity '06.



Total Riverboat Money Received (1995-2006): \$ 250,288,394

2007 Standardbred Race Dates



Hoosier Park - 61 dates (April 6 - June 30)

Indiana Downs - 82 dates (July 13 - November 3)

Indiana							
April							
S	M	T	W	T	F	S	
* Dan Patch							
1	2	3	4	5	6	7	
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	
29	30	• G	ood F	riday	● Ea	ster	
		,	July				
S	M	T	W	T	F	S	
	* Jul	ly Fo	urth				
1	2	3	* 4	5	6	7	
8	9	10	11	12	13	14	
15	16	17)	18	19	20	21	
22	23	24	25	26	27	28	
29	30	31					
		0	ctob	er			
S	M	T	W	T	F	S	
		Τ_					

	May						
S	M	T	W	T	F	S	
	* Memorial Day						
		1	2	3	4	5	
6	7	8	9	10	11	12	
13	14	15	16	17	18	19	
20	21	22	23	24	25	26	
27	* 28	29	30	31			

	June						
S	M	T	W	T	F	S	
					1	2	
3	4	5	6	7	8	9	
10	11	12	13	14	15	16	
17	18	19	20	21	22	23	
24	25	26	27	28	29	30	

August								
S	M	T	W	T	F	S		
				2	3	4		
5	6	7	8	9	10			
12	13	14	15	16	17	18		
19	20	21	22	23	24	25		
26	27	28	29	30	31)			

	September								
	S	M	T	W	T	F	S		
T	* Labor Day								
	2	* 3	4	5	6	7	8		
	9	10		12	13	14	15		
	16	17	18	19	20	21	22		
	23	24	25	26	27	28	29		
	30								

tober									
W	T	F	S						
3	4	5	6						
10	11	12	13						
17	18	19	20						
24	25	26	27						
31									

S M T W T F S	١ .
* Breeder's Cup 1 2 3	

* Denotes Holiday or Special Race Event. Post times may differ.

Post Times

Hoosier Park Race Meet

Wednesday - Sunday 6:45 p.m.

Indiana Downs Race Meet

Monday - Wednesday 4:55 p.m. Friday & Saturday 6:55 p.m.

Dates Approved November 14, 2006

2007 Flat Racing Race Dates

Indiana Downs - 48 dates (April 27 - July 3) Hoosier Park - 61 dates (September 1 - November 24)

Flat Racing includes Thoroughred and Quarter Horse Racing

Indiana Downs Dates

April										
S	M	T	W	T	F	S				
* Easter										
1	2	3	4	5	6	7				
*8	9	10	11	12	13	14				
15	16	17	18	19	20	21				
22	23	24	25	26	27	28				

	May								
S	M	T	W	T	F	S			
* Memorial Day									
			2	3	4	(5)			
6	7	8	9	10	1	12			
13	14	15	16	17	18	***			
20	2	22	23	24	25	26			
27	* 28	29	30	31					

		J	une					
S	M	T	W	T	F	S		
						2		
3	4	5	6	7	8	9		
10		(2)	B	14	(5)	16		
17	18	19	20	21	22	23		
24	25	26	27	28	29	30		
	July							
S	M	T	W	T	F	S		
1	2	3	4	5	6	7		

Hoosier Park Dates

September								
S	M	T	W	T	F	S		
* Labor Day								
2	*3	4	5	6	7	8		
9	10	11	12	13	14	15		
16	17	18	19	20	21	22		
23	24	25	26	27	28	29		
30								

October								
S	M	T	W	T	F	S		
* Indiana Oaks & Derby Days								
	1	2	3	4	5	6		
7	8	9	10	11	12	13		
14	15	16	17	18	19	20		
21	22	23	24	25	26	27		
28	29	30	31					

November									
S	M	T	W	T	F	S			
* Thanksgiving Day									
				1	2	3			
4	5	6	7	8	9	10			
11	12	13	14	15	16	17			
18	19	20	21	*	23	24			
25	26	27	28	29	30				

Post Times

Indiana Downs - Monday, Tuesday Wednesday - 4:55 p.m. Friday & Saturday - 6:55 p.m.

Hoosier Park - Wednesday - Sunday - 6:10 p.m.

* Denotes Holiday or Special Race Event; post times may differ.

Quarter Horse Racing

Please contact Indiana Downs or Hoosier Park for exact dates and post times.

Dates Approved November 14, 2006

Indianapolis Office

Indiana Horse Racing Commission ISTA Center, Suite 530 150 W. Market St. Indianapolis, IN 46204 Phone: (317) 233-3119

Fax: (317) 233-4470

www.in.gov/ihrc

Field Offices

Indiana Horse Racing Commission c/o Hoosier Park 4500 Dan Patch Circle Anderson, IN 46013

Phone: (765) 683-2565 Fax: (765) 683-2568

Indiana Horse Racing Commission c/o Indiana Downs 4425 N 200 W Shelbyville, IN 46176 (317)-713-3350 (317)-713-3355